

for the £80,000,000 of English money which was believed to be invested in American securities. A group of speculators added to the alarm in London by forming a combination to "bear" the market, by finding flaws in securities and working through the press to excite general distrust and depress prices.¹ The high rates of interest in New York began to attract gold from "Hamburg ; the Bank of France lost 25,000,000 francs in a single week, and the bullion in the Bank of England declined to £8,991,000 on October 19th. The great house of Dennistoun stopped payment on November 7th, with liabilities of nearly £2,000,000, the Western Bank of Scotland closed its doors two days later under appalling revelations of mismanagement and loss, the City of Glasgow Bank suspended, and the banking reserve of the Bank of England dropped on November 11th to £1,462,000. The money actually in London in the banking department of the Bank of England on this eventful Wednesday night consisted of £375,005 in notes, £310,784 in gold coin, and £44,046 in silver coin. The bank could not have held out a day longer under the Act of 1844. It would have been obliged to suspend discounts not later than Friday and this would have been followed by a run for their reserves on the part of the stock banks, the bill brokers, and the private bankers, who had deposits at the Bank of England to the amount of £5,458,000. At the last moment the Bank Act was suspended. A letter reached the bank on November 12th, authorizing them to issue notes in excess of the legal limit, provided they maintained the rate of discount at ten per cent. Public excitement was suddenly calmed, but the demand for discounts continued heavy for more than a fortnight. The bank issued £2,000,000 in notes above the statutory limit, but the maximum in the hands of the public was £928,000 on November 20th. The remainder were added to the banking reserve. The governor of the bank afterwards testified that there was less acute panic in 1857 than in 1847, but that the real commercial pressure was more

¹ *London Times*, Sept. 10, 1857, quoted by Gilbert, II., 337.